

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the matter of the Certified Public
Accountant (CPA) Certificate and/or
License(s) to practice as a CPA and/or CPA
Firm of:

Robert T. Firebaugh, CPA, and
Robert T. Firebaugh, PC,

Respondent.

NO. ACB-1313

STIPULATION AND
AGREED ORDER

The Washington State Board of Accountancy (Board) and Robert T. Firebaugh, CPA, and
Robert T. Firebaugh, PC (Respondent) stipulate and agree as follows:

Section 1: Procedural Stipulations

- 1.1 Respondent is fully aware of the right to an administrative hearing to contest the Statement of Charges issued by the Washington State Board of Accountancy in this matter. Respondent voluntarily waives the right to a hearing and all other rights which may be accorded the Respondent by the Administrative Procedure Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.
- 1.2 The Respondent understands that should the State prevail at hearing based the statement of charges that the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's certified public accountant certificate or any individual or firm license to practice public accounting as a certified public accountant in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.

- 1.3 The Respondent wishes to expedite the resolution of this matter by means of this Stipulation and Agreed Order and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.
- 1.4 The Respondent understands that this Stipulation and Agreed Order is not binding unless it is approved by the Board.
- 1.5 Should this Stipulation and Agreed Order be rejected, the Respondent waives any objection to the participation of any members of the Board at a hearing on this matter, other than the consulting Board member in this proceeding.
- 1.6 The parties further stipulate to the following Stipulated Facts, Conclusions of Law and Agreed Order:

Section 2: Stipulated Facts

- 2.1 The Respondent, Robert T. Firebaugh, has held a valid Certified Public Accountant (CPA) certificate (No. 04319) and individual license to practice public accounting in the state of Washington at all times material hereto. The Respondent is the sole owner of the CPA firm, Robert T. Firebaugh, P.C. (a professional service corporation). Robert T. Firebaugh, PC has held a valid license (No. 4404) to practice as a CPA firm in Washington State since May 16, 2002.
- 2.2 On July 1, 2011, a Statement of Charges was duly served on Respondent alleging violations of chapter 18.04 RCW.
- 2.3 The Respondent provided public accounting services to Edward H. Pietz ("client") and several entities in which the client had an interest. The client is engaged in the business of real estate development of various properties using the assumed business name of ^ERP Properties. *RTF*
- 2.4 Over an extended period of time, the Respondent created statements by creating charges for services the client never authorized and for services that the Respondent never

performed. The client paid the Respondent for his services at an agreed monthly salary. The Respondent charged compound interest on the outstanding fictional balances at .9% each month thereby increasing the client's fictional debt to the Respondent. The Respondent charges for fees assessed with a compounded interest rate created a debt exceeding \$915,000. The Respondent never provided a copy of the statements or delivered any statements showing compounded interest on Respondent's accounting charges to the client.

- 2.5 From approximately June 30, 2006, through July 5, 2007, the Respondent took checks bearing the name of the client and made payments to himself in the amount of \$50,000 each month for 13 months totaling \$650,000. The client had presigned some of these checks approximately ten years before, based upon the client's trust and confidence in the Respondent as a fiduciary. The Respondent used the checks bearing the client's name to pay down the artificially created balance of services.
- 2.6 From approximately August 8, 2007, through May 13, 2009, the Respondent used his position and authority as a signer on the client's bank account to write checks to himself totaling \$441,000.
- 2.7 On or about April 17, 2006, the Respondent caused a wire transfer to be paid to Indemnity Company of California for a project in which the Respondent and/or the Respondent's family members had an interest and in which the client had no interest, in the amount of \$109,453.94, for payment on certain indemnity bonds in the State of California. This wire transfer was made without any knowledge, approval, participation or direction by the Respondent's client.
- 2.8 The Respondent made adjustments to the client's general ledger and inflated the value of a non-depreciable asset, land, in order to balance the clients' accounting records. The

RTF

Respondent failed to identify the alleged liability that the Respondent created against the client on balance sheets prepared for the bank where the client's account was located. The balance sheets the Respondent prepared revealed lesser debts than the one the Respondent was claiming against the client.

- 2.9 On December 16, 2010, the Superior Court of Washington for Clark County entered a Judgment against the Respondent, Robert T. Firebaugh, in Cause No.: 09-2-04603-8 for \$1,552,492.71, including prejudgment interest.

Based on the foregoing Stipulated Facts, the Board makes the following:

Section 3: Conclusions of Law

- 3.1 The Washington State Board of Accountancy has jurisdiction over the subject matter herein.
- 3.2 The acts and omissions described in the Stipulated Facts 2.3 through 2.9 constitute cause for Board discipline under RCW 18.04.295 (2) and (4) and RCW 18.04.305 for violations of WAC 4-25-610 that requires CPAs and CPA firms to exercise professional judgment in all activities, to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism, to perform all professional responsibilities with the highest sense of honesty, and to use due care to comply with state law and the ethical standards; WAC 4-25-620 (recodified as WAC 4-30-040) that requires CPAs and CPA firms to remain honest and objective, not misrepresent facts, and remain free of conflicts of interest in the performance of professional services; WAC 4-25-631 (recodified as WAC 4-30-048) that requires CPAs and CPA firms to comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken including the Professional Code of Conduct issued by the AICPA and the related interpretations and ethics rulings; and WAC 4-25-650 (recodified as WAC 4-30-052) that prohibits CPAs and CPA firms from committing acts reflecting adversely on the their fitness

to represent themselves as a CPA or CPA firm. WAC 4-25-910 (recodified as WAC 4-30-142) identifies engaging in acts of fiscal dishonesty and violating of one or more of the rules of professional conduct as bases for the Board to impose discipline against CPAs and CPA firms.

Section 4: Agreed Order

Based on the Stipulated Facts and Conclusions of Law, the Respondent agrees to entry of the following Order:

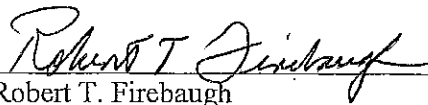
- 4.1 The Respondent's CPA certificate, individual license to practice public accounting, and CPA firm license to practice public accounting are hereby REVOKED for ten years from the date this Order is accepted and entered by the Board and thereafter until Respondent:
 - 4.1.1 Complies with all the then current requirements of eligibility as an original applicant for a Washington CPA license, including but not limited to the then existing education, examination, experience and good character requirements.
 - 4.1.2 Satisfies the Judgment (Cause No. 9-2-04603-8), in full, issued by the Superior Court of Washington for Clark County.
 - 4.1.3 In lieu of the Respondent's requirement to satisfy the judgment in Clark County Superior Court Cause No. 09-2-04603-8, Board agrees to waive the assessment of the thirty thousand dollar (\$30,000) fine.
 - 4.1.4 Reimburses the Board five hundred dollars (\$500) for investigative and legal costs. This payment shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 43113, Olympia, WA 98504-3113 in such manner that the Board receives it prior to the Respondent's application for reinstatement.
 - 4.1.5 Satisfies any other requirement imposed by the Board as a condition for reinstatement.

- 4.1.6 Not otherwise violate any provisions of chapters 18.04 RCW or Title 4 WAC.
- 4.2 Respondent must serve ten years of the revocation before the Board will consider an application for the CPA examination by the Respondent.
- 4.3 The Respondent shall refrain from holding himself or his firm out to the public, or using in connection with his name, or any other name, the designation "certified public accountant" or "CPA" or "CPA-Inactive," or any other title, designation, words, letters, abbreviation, sign card, or device tending to indicate that the Respondent is a certified public accountant or CPA or that the firm is composed of CPAs until the Respondent meets the reinstatement requirements of Chapter 18.04 RCW and Title 4 WAC and the Board reinstates the Respondent's license and the Respondent obtains a firm license under RCW 18.04.195, and registers all of his firm offices registered under RCW 18.04.205.
- 4.4 The Respondent shall refrain from signing, affixing, or associating his name or trade name to any report prescribed by professional standards or designated as an "audit," "review," or "compilation," until the Respondent meets the reinstatement requirements of Chapter 18.04 RCW and Title 4 WAC and the Board reinstates the Respondent's license, obtains a firm license under RCW 18.04.195, and registers all of his firm offices registered under RCW 18.04.205.
- 4.5 The Respondent shall not hold an ownership interest in a licensed CPA firm in Washington State until such time that the Board has reissued a CPA license to the Respondent under Chapter 18.04 RCW.
- 4.6 The Board will publish the terms of this Stipulation and Agreed Order.
- 4.7 Any and all costs involved in complying with this order shall be borne by the Respondent.
- 4.8 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or Title 4 WAC. Any violations of such chapters or this Order

constitute independent grounds for the denial, suspension, revocation or refusal to renew the respondent's certificate and/or license(s).

I, **Robert T. Firebaugh**, certify that I have read this Stipulation and Agreed Order in its entirety; that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. If the Board accepts the Stipulation and Agreed Order, I understand that I will receive a signed copy.

DATED this 29th day of Sept., 2012.

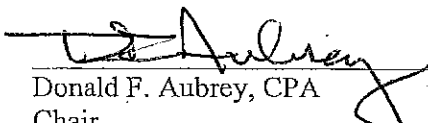

Robert T. Firebaugh
Respondent

Section 5: Order

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 10th day of October, 2012.

WASHINGTON STATE
BOARD OF ACCOUNTANCY


Donald F. Aubrey, CPA
Chair